[Translation]

SHRI RAM NAIK : Mr. Deputy Speaker, Sir, we had demanded three things. The demands included that this Bill be referred to the Standing Committee. The Government did not accept that demand. All this system which the Finance Minister is going to envolve would be an assault on hire-purchase agreement. Therefore, we oppose this Bill on this ground and walk out of the House in protest.

18.28 hrs.

Thereafter Shri Ram Naik and some hon. Members left the House.

[English]

MR. DEPUTY SPEAKER : The question is :

"That the Bill, as amended, be passed."

The motion was adopted.

18.29 hrs.

GENERAL BUDGET — 1997-98
*DEMANDS FOR GRANTS ON ACCOUNT (GENERAL) — 1997-98
*SUPPLEMENTARY DEMANDS FOR GRANTS (GENERAL) — 1996-97
AND
*DEMANDS FOR EXCESS GRANTS (GENERAL) — 1994-95

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Sir, the General Budget discussion has covered a very vast ground and I am deeply grateful to all the hon. Members who have participated in this debate...*(Interruptions)*. I am particularly grateful to Shri Vajpayee, the Leader of the Opposition who has kindly sent me an English translation of his speech in Hindi. I think this is a very kind gesture on his part.

I am also grateful to him for setting the tone of the debate - mild, friendly and reading from a well - crafted script rather than speaking from his heart. The reason is, I believe, that it was not in his heart to oppose this Budget. The compulsions of remaining in that seat require him to speak against the Budget, which, as Member after Member has conceded, has received general acceptance among the people of India.

Yes, there are some apprehensions, there are some concerns and there are some questions. It will be my endeavour during the course of my reply today, which I shall try and keep it as brief as possible, to deal with these concerns.

Firstly, I want to put aside matters relating to taxation and I will tell you why. I have received post-Budget representations ranging from umbrellas to C.R. Coils, from polyurethane to foam rubber and also aluminium to which Shri Mahajan referred. A number of representations have been received. I will be failing in my duty, if I do not give my best consideration to these representations. I think, this recess which Parliament has invented is a good opportunity for me to clamly and carefully examine each one of these representations, and by the time I come here with the Finance Bill, I will be ready to accept some of the representations and to expalain why I am unable to accept some of the representations. I invite the hon. Members to continue to meet me, if they feel so, during this recess period and convince me that some taxation proposals must be altered. Therefore, I will not take the time today to deal with the specific taxation proposals, particularly relating to excise duty and customs duty. There is another opportunity and I will deal with that at that time.

Let me, Sir, deal with the Budget, the economic philosophy behind the Budget and what this Government intended to do in presenting such a Budget. Firstly, I would implore the hon. Members to look at our agenda. The highest item on our agenda was, in the last five years and remains, the control of the fiscal deficit. It is true that some economists have scoffed at this concern for fiscal deficit. In fact, some of them have called it an obsessive concern for the fiscal deficit. I would most humbly submit that it would not only be bad economics but it would also be bad politics. Nothing is more important to this country, its economic agenda, than the control of the fiscal deficit. It is the fiscal deficit which has caused us tremendous economic difficulties on a wide range of matters. Why is this so?

A high fiscal deficit means the Government borrows very heavily. When Government borrows, it crowds out other borrowers from the market; interest rates remain high and investment in low. A high fiscal deficit means that there is a high degree of monetisation. It is now widely accepted that the single most important reason for inflation is a high degree of monetisation. The expansion of reserve money leading to expansion of broad money is the single most important reason for high inflation. Inflation is a cruelest form of taxation. Inflation taxes the rich man and the poor man alike. If there is inflation of ten per cent, a man earning an income of one lakh rupees a month or twelve lakh rupees a year loses ten per cent of his twelve lakh rupees.

A man earning Rs. 1,000 a month, or Rs. 12,000 a year also loses ten per cent on his Rs. 12,000. Therefore, by any measure, by any standard, it is the control of the

* Moved with the recommendation of the President.

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fiscal deficit which must remain high on our Agenda. Fiscal deficit control is also the key to macro economic stability. When Dr. Manmohan Singh took charge, the fiscal deficit was 8.3 per cent. In a matter of five years, he compressed it to 5.5 per cent which by any standard is a remarkable achievement. But then controlling fiscal deficit beyond 5.5 per cent, I submit, is even more difficult. It is like climbing a mountain. In you ask any mountaineer who climbs the Everest 29,027 ft., climbing the first 20,000 ft. is reasonably easy. Then 20,000 ft to 25,000 ft becomes more difficult and 25,000 ft to 28,000 ft is even more difficult and most people give up when they reach 28,000 ft. The last thousand feet is a difficult one. What we are doing now is, we are carrying on from where the previous Government left and we are trying to compress fiscal deficit, and the treasury benches and the CMP have declared that it is a high goal to bring fiscal deficit to below four per cent. This year, although a number of commentators said that I would not keep to my fiscal deficit targets, I am happy we have been able to stick to our fiscal deficit target of five per cent.

Some questioned about revenues. Let me tell you what I presented in the Budget as a revised estimate for 1996-97 are being achieved. In fact, if you look at personal income-tax, the revised estimate is Rs. 1,000 crore more than the Budget estimate. Yesterday when I reviewed it with the Central Board of Direct Taxes, I was told to my pleasant surprise that the actuals as on 31st March may exceed even the revised estimates by a small number. Therefore, notwithstanding concern expressed in some quarters, we have been able to keep fiscal deficit to five per cent of the target. I think this is something which will please everybody and for next year I set for myself an equally ambitious target of controlling fiscal deficit by 4.5 per cent and believe me, whoever occupies the Chair of the Finance Minister ought to keep the control of fiscal deficit high on his agenda and by the turn of this century, we must bing it down to three per cent. That is the only way we can bring about macro-economic stability.

The control of fiscal deficit is necessary to ensure that enough investible funds are available for productive investment on the growth of economy, for interest rates to remain at moderate range, for RBI financing or monetisation of the fiscal deficit to be kept to prudent limits so that monetary growth and inflationary pressures are contained and that the growth in interest rates arising from additional net borrowing to be kept in check.

I, therefore, intend to continue on the path of fiscal correction and I seek the support of all sections of this House in my efforts to control the fiscal deficit.

Some questions are raised on monetary policy and monetisation. The Budget at a glance gives a figure of Rs. 16,000 crore as monetisation. Immediately some people jump to the conclusion that monetisation in 1997-98 will be Rs. 16,000 crore. No. Far from it. Monetised deficit is being introduced for the first time as a measure. Earlier it was Budget deficit. But it is quite irrelevant. The Budget deficit really did not reflect a net RBI credit to the Government. There is a net RBI credit to the Government which is the extent of monetisation or in colloquial language, the extent of printed money. That should not be high. If that is high, there will be inflation. The Rs. 16,000 crore figure that we have given, is not a net RBI credit to the Government at the end of the year, it is only an indicator of the extent of RBI support to the Government's borrowing programme.

Every year, the Government borrows. A part of the borrowing devolves upon the RBI. The RBI also does open market operations. At the end of the year, the monetisation figure is made available. In 1990-91, the year of crisis, the monetisation was Rs. 14746 crore. Subsequently, it was corrected. In 1991-92, it was Rs. 5506 crore. In 1992-93, it was Rs. 4257 crore. In 1993-94, it was only Rs. 260 crore. In 1994-95, it went up to Rs. 2130 crore and in 1995-96, the last year of the previous Government, unfortunately, it went up to Rs. 19,855 crore. But partly it did not fuel inflation because the other component of reserve money, namely, the foreign exchange reserves, were run down by $ 3 billion. I am not going into the economics of running down the reserves and increasing monetisation. It is not necessary for our purposes, at this moment. But the point is the Rs.16,000 crore that I have indicated is not the net RBI financing. It is the maximum that the RBI will do to support the Government borrowing programme.

You may ask me what happened in 1996-97. In 1996-97, as of the last figures that I have got from the RBI, the net RBI credit to Government is negative because most of our borrowing programme has been successful and our borrowing programme has been funded by the market itself. A few days ago, it was negative. But on 31st March it might run to a few hundred or may be a thousand crores of rupees. I do not know. So, the Rs. 16,000 crore should not be taken as a figure of monetisation. But it is the extent of support at the end of the year. With monetisation plus the open market operations, we will know the figure. But I am confident that we will keep it down to a figure where inflation will not go high.

Now, how do we contain inflation? As I said, the single most important indicator is M-3. You may have read it in the newspapers. After I met the Governor of the Reserve Bank and the Board of Directors of the

Reserve Bank, the Reserve Bank and the Government are of one mind that we will contain M-3 to below 16 per cent. We will ensure that the M-3 does not cross 16 per cent because that is the only way to contain inflation. The second aspect is that we will ensure that the supply side is taken care of. Last year, for a variety of factors - I do not blame anyone - wheat production was less by 3.1 million tonnes. Wheat procurement was less by 4.1 million tonnes. Therefore, wheat prices came under pressure. We have to import 1.5 million tonnes of wheat and some more wheat is on the pipeline. Therefore, we will manage the supply side better this year. We have taken advance action on wheat procurement. I want to take this opportunity to appeal to the farmers of Punjab that they must stand by the rest of India. India has stood by Punjab in its hour of trial. India has always upheld the integrity of Punjab because we believe that the people of Punjab wanted the integrity of Punjab to be maintained. We have stood by Punjab in its hours of trial. We have helped Punjab with financial support. Rs. 800 crore of loans have been written off for Punjab. Elections have been held in Punjab. We have helped support a democratic Government in Punjab. Now, it is the turn of the Punjab farmers to stand by the rest of India in supporting the Targeted Public Distribution System. Wheat procurement and paddy procurement is mainly for the Targeted Public Distribution System. I have no doubt in my mind that the Chief Minister of Punjab and the Chief Minister of Haryana as also the farmers of Punjab and Haryana will rise to the occasion and give their surplus production to the FCI and the other procurement agencies so that the Targeted Public Distribution System is successfully managed. But I must also say that if for some reasons wheat procurement falls short of our requirements for the TPDS, we will not hesitate to import wheat. I said so in my Budget statement. We will have to import some quantity of wheat in order to have the TPDS going.

So far as managing money supply and the supply side is concerned, we are confident that we will keep inflation within limits. There is some romantic idea that inflation can be controlled to two per cent and three per cent. Economists of every shade will tell us that that is not possible in a developing and growing country.

What is the record of inflation? Average inflation in 1990-91 was 10.3 per cent. In 1991-92, it was 13.6 per cent. In 1992-93, it was 10.0 per cent. In 1993-94, it was 8.3 per cent. In 1994-95, it was 10.9 per cent. So in the 90s, in the first five years, the average inflation has been ten per cent. It was in 1995-96 that the average inflation came down to 7.8 per cent largely because the money supply was controlled to 13.2 per cent. This year, the average inflation at the end of the year is likely to be 6.8 per cent. Point to point, the inflation will be eight per cent, but the average inflation in 1996-97 has been 6.8 per cent or so. In a developing country, some inflation is unavoidable. What we must aim at is to break inflationary expectations.

Can someone switch off that mike? Thank you.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : It seems, you have a very sensitive ear.

SHRI P. CHIDAMBARAM : It is bad that you hear what I speak but it is worst that I hear what I speak.

Therefore, what we must break is long-term inflationary expectations. I am convinced in my mind that if we contain M3 growth below 16 per cent for two or two three years, the running inflation will be controlled. But we must break long-term inflationary expectations. Inflation is fuelled not so much by inflation itself but really by inflationary expectations. Dr. Manmohan Singh used to say, if everyone in this country talked that the price of edible oil was going up or the price of paddy was going up and each one stored five kilograms of edible oil or five kilograms of paddy, then the price will indeed go up. That is inflationary expectation and we must break that. I want to tell the people of India through this august House that we will manage the supply side. There is no reason to believe that any commodity will be in short supply - be it wheat, be it edible oil or be it sugar. We will ensure that supply side is taken care of. There is no reason for inflationary expectations. We must break these inflationary expectations. By managing the supply side, we will do so. People will have adequate supplies of commodities in the market. There is no reason for people to believe that inflation will get out of control.

So the next point I wish to address is that there is some criticism about pro-rich and pro-poor, that this Budget is pro-rich, it is not pro-poor. The sharpest word which my friend Shri George Fernandes used for me, if I got the translation right, was, it was *Maya Jaal*. I think, the fire that was there in his belly twenty years ago has dimmed now. I am glad about that. There is no *Maya Jaal*. What is pro-rich and pro-poor? In my speech, I have said why our people are poor. People are poor because they do not have land; they do not have water; they do not have education; they do not have opportunities. Nobody wants to be poor. Nobody wants to be poor despite opportunities and despite properties. They are poor because they do not have land. They do not have water. It means, they depend on rain-fed farming. They do not have education. That means there is no skill or cannot translate their skills into productive work. Above all, there is no opportunity. The only way, I think, poverty can be abolished in this country, as opposed to poverty being alleviated, is to give them

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productive jobs or the instruments of production or the tools of production. We are doing all that. I say this with utmost humility that anti-poverty programme is only alleviating poverty. For the time being, we are bringing some relief to the poorest of the poor. Poverty will not be abolished by poverty alleviation measures. Poverty will be abolished only if there is growth. Now what did Lakadawala formula say? There is some debate on that. I am not going behind the formula. The formula says that poverty in this country was declined to about 36 per cent or 37 per cent. What was it? It was 54 per cent. How did this 54 per cent poverty decline to 36 per cent in a growing population? It was 54 per cent for a smaller population. Today it is 36 per cent on a larger population. In absolute numbers, the number of people who are poor may be the same but in terms of proportion, there is a sharp decline. The decline is not as fast as we would like it to be. But there is a decline. This decline, I most humbly submit, will come about only through growth. It will not come through subsidy; it will not come through anti-poverty programmes and it will not come through poverty alleviation programmes. Relief can be given and must be given, and we have given. I am going to read the list of relief we have given. But it will only come through growth.

So, when you describe a Budget as pro-poor or pro-rich, I am afraid you are falling into your own verbal traps. A Budget is either pro-people or anti-people. I believe that the Budget of this Government is pro-people because it provides for growth. It aims to sustain 7 per cent growth. It aims to attain 8 per cent growth and it sets for itself an ambition that by the end of this century, we must have, at least, 8 per cent growth in this country.

Therefore, please do not describe this Budget as pro-rich and pro-poor. Is it pro-growth? Is it likely to stimulate growth? Is it likely to stimulate investment? Is it likely to stimulate the higher GDP growth? The trickle-down may be faster or sooner - I am not saying it will be very fast. For agricultural labour, obviously, the trickle-down is much slower but for some other sections the trickle-down is faster. But, only, growth will bring it about. How did this 54 per cent become 38 per cent? In the first 30 years - I have got the figures, the *Economic Survey* has got it, and those who have the *Economic Survey*, if not here, when you go back home, kindly look at page S-10 of it. It gives you growth figures from 1951-52. For the first 30 years, this country's GDP grew only by 3.5 per cent. In the first 30 years, the average growth of GDP in this country was 3.5 per cent. In fact, there have been bad years. For example, 1971-72 and 1972-73 were very bad years with 1.0 per cent and minus 0.3 per cent growth of the GDP respectively. Let us take the years which Shri George Fernandes was taking. According to the *Economic Policy*, during 1977-78, 1978-79 and 1979-80, the GDP was 7.5 per cent, 5.5 per cent and then minus 5.2 per cent respectively. Let us take some other years. The average growth in the first 30 years was 3.5 per cent. It is only in the 1980s, you will find that the average growth rose to about 5.5 per cent. But for the first time in India's history, in the last two years and in the current year, the average growth has touched 7 per cent. That I think, is a remarkable achievement. We mut be proud of that achievement. Just imagine, if this country had grown at 7 per cent in the first 30 years, rather than 7 per cent in the last three years, if it had grown at 7 per cent in the first three decades, this 36 per cent poverty ratio would have come down to 15 per cent or 12 per cent. Growth is the single determinant of abolition of poverty or retention of poverty.

When I quote Deng Xiaping, it is not in order to score a point or impress anyone. Mr. Deg said, "Development is the hard truth." We must also believe in that. Development is the hard truth. It is development, it is growth which will bring long-term benefits to our people. I am, therefore, asking you, most humbly, to look at my Budget, to look at this Budget of this Prime Minister and this Government. Is it pro-growth or is it anti-growth? I submit most humbly, it is pro-growth.

[Translation]

SHRI CHAMAN LAL GUPTA : This is all jugglary.

[English]

SHRI P. CHIDAMBARAM : If it is pro-growth, I submit, it is pro-people.

Sir, some concern is expressed about the shortfall in Plan Outlay. I am not defending the shortfall in Plan Outlay. There has been a shortfall in Plan Outlay. The shortfall has been quite significant this year. But it is not the first year that there has been a shortfall in Plan Outlay. Plan Outlay is made up of two components - one is budgetary support and the other is IEBR, Internal and Extra Budgetary Resources. Year after year, there has been a shortfall in Plan Outlay. Take, for example, 1991-92. The shortfall in Plan Outlay was Rs. 2,797 crore. Take 1995-96, the last year of the previous Government. The shortfall in Plan Outlay was Rs. 4,255 crore. I am not defending the shortfall. But why did the shortfall occur? Budgetary support was fully given. In the IEBR, there was a shortfall of Rs. 6,959 crore. I have got a list of Ministries which contributed mostly to the fall in the IEBR.

For example, in some Ministries the IEBR shortfall was as much as Rs. 1800 crore to Rs. 2200 crore. This

is not a satisfactory state of affairs. If a Ministry wants a large plan like States want a large plan, if Ministries promise an IEBR like States promise an additional resource mobilisation, when additional resource mobilisation falls, the State Plan naturally declines in size. Similarly, when IEBR falls, the Ministry's Plan shrinks in size. When several Ministries' Plan shrink in size, the total Plan shrinks. We are not happy. But there are extenuating circumstances. The extenuating circumstance is, this Government assumed office only on the 1st of June. This Government presented its Budget only on 22nd July. It was passed only on the 13th of September. By the time we could implement our Annual Plan, six months were over. This cannot be an excuse to the next year.

I have the Prime Minister's permission to announce to this House that next year I will come before this House once every quarter to report the IEBR performance of each Ministry, so that each Ministry can be held accountable as to why their IEBR is not doing well, why they are not spending what is budgeted for them. You can hold the Ministry accountable, so that by the end of the year we will avoid these slippages in the Plan.

What happened on the Budget side? On a reading of the document it will appear that we saved Rs. 2609 crore on the Central Plan's budgetary support. But I did not take credit for it. I did not immediately take it inot my saving. I did not reduce my fiscal deficit by saving Rs. 2609 crore. This is the difference between a single-party Government and a coalition Government. I am not claiming any brownie points for that. If tomorrow another coalition Government comes, it will have to do the same thing. What did we do? Whe we saved Rs. 2609 crore, I immediately gave an additional Rs. 2500 crore to the States. I did not take credit for It any say I would not spend it one the Plan. On the Plan side itself, taking credit for the savings in the Government of India, I gave Rs. 2500 crore additional amount to the States which is what I mentioned in my speeches on the Plan. If I robbed Peter, the Central Government, I paid it to Paul, the State Governments. The total Plan outlay, the total Plan expenditure and the budgetary support for Plan therefore went up by Rs. 209 crore. I gave some to Kashmir - Rs. 653 crore. I gave some to Defence also. The total went up by Rs. 209 crore. So, we have not saved on Plan. We have spent Rs. 209 crore more on Plan and next year I promise you, with the support of all my colleagues, we will try to achieve the Plan as much as possible. We must try to achieve at least 99 per cent of the Plan outlay. Once I come to the House every quarter with the progress report on both budgetary support and on IEBR, you will have an opportunity to ask the Ministers concerned and the Ministry concerned if there is any slippage and to egg them to make up for the slippage in the rest of the year.

On social sector, there has been some criticism that we are not spending enough on social side. This is far from true. I have with me a list of provisions on the Budget for pro-poor. When I say pro-poor, I mean projects which are directly going to bring relief to the people or long term growth prospects enhanced by these allocations. For fertilizer the subsidy is Rs. 7190 crore. Is it pro-poor or not? I have got a letter from the Fertilizer Association and the Fertilizer Manufacturers. The IFFCO's Chairman has written to me a letter where he says :

> "Dear
>
> What you have done in the Budget will provide not only relief to the common man, but will also go a long way in improving the lot of the farming community. We if IFFCO, as a premier cooperative society in the country in the fertilizer industry, are all the more happy that the Budget weighs in favour of balanced fertilization which is a foremost requirement of the country for increasing the production of foodgrains and now the fertilizer industry will be able to serve the farming community in a better manner as it will result in more offtake of fertilizers.

19.00 hrs.

The Rs. 7,190 crore that we have provided in a balanced way for both phosphatic and potassic fertilizers is going to help the poor of India and not hurt the poor of India.

We have also provided for rural family welfare services, Rs. 460 crore; for maternal and child health, Rs. 450 crore; for nutritional support to the midday meal scheme, Rs. 960 crore; and on food and sugar subsidies, we have provided Rs. 7,500 crore. This is, I am afraid, an open-ended subsidy. The economists may criticise an open-ended subsidy but I cannot look at the problems of India purely from an economist's point of view. I do not think, you want a pure economist's point of view to come into Budget-making. We have to look at it politically; we have to look at it as administrators and we have to look into it with economic thinking.

After all, we are political persons, we have to look at it politically. In the political approach, we have to bring in good administration and management. Before we bring in good administration and management, we must have a sound economic input. It is thus that we have decided on a targeted PDS; and the subsidy that

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I have provided today is Rs. 7500 crore. As States switch over to a dual card system, I am quite aware that the subsidy may rise but we have taken a conscious decision. The United Front Government has taken a conscious decision that the Targeted PDS must succeed. We must give to the people below the poverty line food grains at about half the price. Therefore, whatever is required, the Budget will provide for it. I am committed to providing more for food and civil supplies.

I do not wish to read this whole list. On rural employment, the provision is Rs. 6,805 crore. For that Ministry itself, the provision is close to Rs. 9,000 crore. Now, let us look at some broad figures which will give you a broad picture. On social services, in 1996-97, we spent Rs. 13,885 crore; for the next year, we have planned to spend Rs. 17,183 crore. That is the highest ever. If you add the provision for rural development also, on which we are spending Rs. 4,924 crore in the current year and would be spending Rs. 5,805 crore next year, the sum total on social services and rural development this year would be Rs. 18,809 crore and for the next year, it would be Rs. 22,988 crore. How much more can a Budget privide? This is a very large amount. The key is not in the amount, but the key is in the quality of spending, the efficiency of spending. If States do not spend properly, if projects are not monitored properly, you might provide another Rs. 10,000 crore but it would dnot have any impact.

In terms of percentages, I just want to read one figure. The expenditure on social services sector, as a percentage of total expenditure - now, look at this - in 1995-96, on the Plan side, was 19.57 per cent; in 1996-97, on the revised estimates, it was 19.10 per cent; in 1997-98, on the Plan side, it would be 21.83 per cent. If you look at Plan and non-Plan expenditure together, in 1995-96, it was 6.95 per cent; in 1996-97, it was 6.86 per cent; but in 1997-98, it would be 7.39 per cent. Therefore, there is no argument that we have not provided enough money to social service as a proportion of total expenditure. The provision that has been made for 1997-98 is the highest provision. Now, the ball is in the court of the Ministries, the ball is in the court of the State Governments. They will have to spend wisely; we will have to monitor their expenditure wisely.

The hon. Prime Minister is here. Complaints have come to me that MPs are not being invited to the DRDA meetings and to other meetings. I do not know about it, but I am being invited in my constituency, in my district...*(Interruptions)*

DR. K.P. RAMALINGAM (Tiruchengode) : That is because you are the Minister of Finance.

SHRI P. CHIDAMBARAM : But if this is true, ...*(Interruptions)*

SHRI A.C. JOS : The complaint is not only that we are not invited to the DRDA meetings. There are a number of schemes like the Indira Awas Yojana which were initiated by the Centre.

We have no participation in many of the Centrally sponsored schemes. Members of Parliament or their representatives can attend the DRDA meetings. But we do not have any voice in other schemes for which the money is given by the Central Government and implemented by the State Government. The Members of Parliament are not taken into confidence. There, you have to do something...*(Interruptions)*

SHRI P. CHIDAMBARAM : I have heard you loud and clear. The Prime Minister has heard you loud and clear. There is a problem and it will be attended to. My colleague, Shri Kinjarappu Yerrannaidu, is not here. But I will certainly pass this on to him. We will ensure that Members of Parliament are fully involved in all these schemes in the selection of beneficiaries, monitoring etc. and we will take care of that...*(Interruptions)*

SHRI SONTOSH MOHAN DEV (Silchar) : I am the Chairman of the Committee on Urban and Rural Development. Today we held a meeting. Forty-two Members attended the meeting. We would like to only appeal - we are not complaining - to you about one shortcoming in the Employment Assurance Scheme. The Scheme covers the whole country. Under this Scheme each block is getting Rs. 40 lakh and if they perform well, they get another Rs. 40 lakh. For some block Rs. 20 lakh is given and if they perform well another Rs. 20 lakh is given. But who are identifying the schemes? It is not done either by the *panchayat* presidents or by the councillors. But it is done by the District Magistrates and the BDOs. Why the hell are we there? We do not want the District Magistrates and others to identify the schemes. We should be given the authority to recommend at least fifty per cent of the schemes to be taken up. Otherwise, we are not in a position to do anything. Mr. Finance Minister, please give us something before you go home...*(Interruptions)*

MR. DEPUTY SPEAKER : No running commentary please.

(Interruptions)

SHRI BASU DEB ACHARIA (Bankura) : In West Bengal, all the Members of Parliament are members of the DRDA and Planning Committees, Block Level Planning Committees and District Level Planning Committees. Members of Parliament are involved in our State...*(Interruptions)*

MR. DEPUTY SPEAKER : There would be no end to it.

(Interruptions)

SHRI NITISH KUMAR (Barh) : This is the question of involving Members of Parliament in the selection process of all the development schemes. But what Shri Basu Deb Acharia says is entirely different. Who said that Members of Parliament are not being invited for the DRDA meeting? We are being invited but we do not have any say there. We want some say there ...*(Interruptions)*

SHRI BASU DEB ACHARIA : I do not know what is the experience of Members of Parliament belonging to Bihar. I cannot say about Bihar. But I can say about West Bengal...*(Interruptions)*

SHRI NITISH KUMAR : This is not the question of Bihar alone...*(Interruptions)*

MR. DEPUTY SPEAKER : Please let him conclude.

(Interruptions)

SHRI NITISH KUMAR : We are not being involved in the selection process...*(Interruptions)* The Centre is pumping funds to the States. But we are not being involved in the selection process. We are just monitoring and doing nothing...*(Interruptions)*

SHRI P. CHIDAMBARAM : I am not yielding ...*(Interruptions)* It is obvious that the experience is different from State to State. Let us get that clear ...*(Interruptions)* I am not yielding. It is apparent that the experience is different from State to State...*(Interruptions)* It is apparent that the pattern is different from State to State. It is also clear that in most of the States they are being invited, but in some of the States they are not being invited. Even if they are invited, they do not have the sense of participation and they do not have the sense of sharing in this...*(Interruptions)* I am fully alive to the problem. The Prime Minister is here. He is listening to what you are saying. We will look into it and we will try to lay down better guidelines where Members of Parliament will have a more important and determinant role in the matter...*(Interruptions)*

...*(Interruptions)* I will have to complete it now, please...*(Interruptions)*

MR. DEPUTY SPEAKER : Please have patience.

(Interruptions)

SHRI P. CHIDAMBARAM : I said, "...an important and a determinant role."

There were some questions about revenues. I do not see why there should be any doubt about revenues. As I said, revenues are on target. What we have projected is a very modest projection.

Yes, I have cut taxes. I am coming to 'cutting of taxes' now. Revenues have been projected at about 15 to 16 per cent. I have the figures of revenue increases. In corporate tax, the projections are 15 per cent growth; income tax - 15.16 per cent; customs - 19.06 per cent; excise - 13 per cent; with the total of these four major taxes, the projection is only 15.3 per cent. But if the GDP grows by a nominal rate of 15 per cent, we should get these revenues. The buoyancy of change in GDP to change in tax rates used to be about one or even less than one. It is now 1.5 in the case of personal income tax and corporate tax. I do not feel any apprehension that we will not be able to collect the revenues that we have projected.

There is another way of looking at it. If people will look at Part A of my speech, in paragraph 80, I have said, "Without making any tax changes, gross tax revenues will be so much, after providing the State share of taxes, the Centre's net tax revenue will be Rs. 113,094 crore." If you look at the Budget Estimate, I have provided to the Centre, Rs. 113,394 crore. It is only Rs. 300 crore more. So, what will happen? If I did not make any tax changes, if I did not touch income tax or corporation tax or excise duty or customs duty, I would have collected Rs. 113,094 crore. By making these changes, I hope to collect the same amount. In the first case, I would have been a good accountant; I might have earned the name for being a good accountant. But that is not the function of a Finance Minister. I must do tax changes which will stimulate growth of investment. What I have done is this. I will justify and defend my tax cuts on the ground that while I will collect the same revenue, what I have done is, to stimulate savings, to stimulate investment which will lead to higher growth.

Now it has been argued, why did I cut tax rates? Yes, I have cut tax rates. Maybe, there can be no complaint about cutting excise duties. In fact, the complaint was about adding a few more commodities into that; I am looking into it. But there can be no complaint about cutting excise duties. Cutting excise duties is good; it will give lesser prices to the consumer in the long run, stimulating demand.

Now, cutting excise duties can be argued and we have aruged it on several occasions. I believe that India has started to come at least to Asian levels, by the year 2000 AD. I have said so publicly. The CMP says that the tariffs in India must be brought down to world levels in a gradual and in a calibrated manner. All that we are doing is to bring it in a calibrated manner. We have got Dr. Chellaiah's report. The trade weighted average of customs duties in this country last year was about 28 per cent. This year, by the cuts that are made in the customs duties, the trade weighted average may come down by about one per cent or so. It is still much higher than the Asian levels. I believe that customs

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duties must be brought down gradually and in a calibrated manner.

If I have erred in one or two commodities, I have an open mind and I am willing to look into it. But there is no gain saying the fact that in the long run, the customs duties have to come down, first to Asian levels by the year 2000 AD and to world levels by the year 2004 AD. that is the only way, the Indian industry will be competitive. I will give you one example.

People are saying that our capital goods industry will be wiped out, if we cut customs duties. In fact, the previous Government cut customs duties on capital goods industry very rapidly in the first two or three years. Now, what has happened? As a result of that, the capital goods industry is growing at an average of 16 per cent a year, for the last three years. It has become very efficient and it has become more competitive. That is the experience of all Asian countries and I believe if we continue to do it in a calibrated and in a gradual manner, we will only add to the competitive strength of our industry; and our industry will not be wiped out.

Now, I will come to personal income tax and corporation tax. Shri Sharad Yadav said it eloquently in Hindi. I hope I can match his eloguence in English at least partially. Who are our savers in this country? Who saves in this country? Does the Government save? The Government of India turned a dissaver in the year 1980-81. Until then, we were a saver. The Government of India is a net dissaver since 1981. Who saves in this country? The household saves in this country and 17 per cent of our savings come from households.

Six per cent of our savings comes from the private sector. Three per cent of our savings comes from the public sector and the Government poses as a notorious dissaver. That is why, our savings have been at 25 per cent or 26 per cent. Therefore, I said many mohths ago that my next Budget will reward savers and punish the spenders. I told it in a meeting of the CBDT. Have I not done both? It will reward the savers and punish the spenders. I have done both. If the household sector is the best saver, I believe, the best way to reward them is to cut personal income tax. Member after Member of every political party has welcomed it. Some Members have criticised it. It is quite obvious that both views are there in every party-the BJP, the Congress and some among the Left Parties. In fact, from where did I get this ten per cent threshold rate? I got it from Shri Nirmal Kanti Chatterjee who told me that the threshold rate could be cut to ten per cent or even below. So, the ten per threshold rate is not something normal which I invented. There is a consensus that the threshold rate must be ten per cent. If the threshold rate is ten per cent, the maximum rate cannot be more than 30 per cent. Therefore, I have cut it to 30 per cent. Corporations are good savers. Therefore, I have cut it to 35 per cent. Now people have asked, "What have you done? You have cut so sharply that today you are better than most countries in the world and most countries in the world do not have such a sharp personal income tax or corporate tax rate." I am afraid that they are completely wrong. You are looking at only the rates. You must look at the level at which the rate applies.

Today in India, the ten per cent rate applies to about a thousand dollars, that is, Rs. 40,000. The 30 per cent rate applies at Rs. 150,000 which is about 4000 dollars. Now, look at the position of other countries. In China, the ten per cent rate applies at 2880 dollars. The 30 per cent rate applies at 86,760 dollars. So, now those who tell me that the 30 per cent rate should not be applied to 4000 dollars should also write a letter to China to say that 30 per cent rate should not apply to 86,760 dollars. The point is that the rate must be equated to the level at which you are taxing.

China's distribution of income is no different with the distribution income in India. Let us look at Thailand. The ten per cent rate applies at 20,000 dollars. The 30 per cent rate applies at 160,000 dollars. Let us look at Malaysia. There is no ten per cent rate. There is seven per cent rate which applies at 7940 dollars and the 30 per cent rate applies at 60,000 dollars. Shall we look at Indonesia which is as densely populated as ours? The ten per cent rate applies at 11,280 dollars and the 30 per cent rate applies at 22,550 dollars. If a country is poor with lower incomes, the case is stronger for applying a lower rate at lower incomes. Therefore, I am absolutely convinced in my mind that what I have done is correct. The ten per cent threshold rate at Rs. 40,000 and the 30 per cent maximum rate at Rs. 1,50,000 is the best reward that we can give to the best saving sector in India. People will save. What will they do with what they save? You are absolutely right. They will either invest or spend. I am not denying that. Nobody is going to put his money in a pillow case any more. That must have been 40 or 50 years ago. He will either spend or invest somewhere. If you spend, according to me, it will stimulate demand. If you invest, it will add to the productive capital of India. So, in any way, in a modern society, saving is good. Who will save? Only those who have income will save, that is, the productive classes will save. We must reward them, Sir. Therefore, I believe what we have done in terms of personal income tax and corporate tax is correct thing to do.

SHRI NITISH KUMAR : Dr. Manmohan Singh is not convinced.

SHRI P. CHIDAMBARAM : Dr. Manmohan Singh is convinced. I have got that interview with me. Kindly read that interview. He says that reduction in tax rate is right. It was done too rapidly. Firstly he says that it should have been done last year and then he says that it was too rapidly. A comment has been made but I do not want to comment. At the personal level, I was and I remain an unabashed admirer of Dr. Manmohan Singh. Therefore, I am not going to criticise him. Even if you provoke me, I am not going to criticise him.

SHRI NITISH KUMAR : I think there is some rivalry...*(interruptions)*

SHRI P. CHIDAMBARAM : No, There is nothing at all. I am an admirer of Dr. Manmohan Singh. I will remain an admirer of Dr. Manmohan Singh. When I was a Minister, when I was not a Minister for two-and-a-half years and when I remain a Minister, I remain his admirer.

Sir, I admire a number of people in this country and my admiration anyway is not going to be lessened by that. I am a great admirer of late Indira Gandhi; I am a great admirer of late Rajiv Gandhi. Merely because I am in the TMC, should I forget Rajiv Gandhi and Indira Gandhi? I am a great admirer of Shri Vajapayee. Merely because we are sitting in the Ruling Party and he is in the Opposition, should I cease admiring Shri Vajpayee?

SHRI NIRMAL KANTI CHATTERJEE : Please have some admiration for Shri Nitish Kumar also.

SHRI P. CHIDAMBARAM : I am an admirer of you also!

Therefore, Sir, I believe what we have done on the tax side is correct and the rewards of that would be seen in the next 2-3 years.

Sir, my friend Shri Priya Ranjan Das Munshi-he is not here, he has excused himself from here-raised something about self-reliance. I want to take just two to three minutes on self-reliance. We can argue this. What is self-reliance? Who in this world is self-reliant? The Congress manifesto has a chapter on "Greater Self-reliance" Let me read that...*(Interruptions)* You accepted it. You published it and you went to the elections on this manifesto. So, you cannot disown it anymore.

SHRI RUPCHANDPAL (Hooghly) : Do you own that document here?

SHRI P. CHIDAMBARAM : Yes.

SHRI SONTOSH MOHAN DEV : We would not challenge because we are happy that we have sent a good man to the United Front Government. We are happy and you do your good job. Come back when we call you at the appropriate time.

SHRI P. CHIDAMBARAM : Sir, this is what the Congress manifesto says and I quote :

> "True self-reliance is measured by the capacity of the countries to save more and invest more. The potential of the economy to create more jobs and generate more incomes. The capacity of industry and agriculture to absorb more investment and better technology. The capacity of the country to pay for the import of capital goods and raw materials. The capacity of the Government to pay for the import of essential articles like fertilizer, edible oil and petroleum products to meet the needs of the people. The capacity of the Government to repay the national debt and to pay the interest charges. The poor countries of the world are not self-reliant. It is the affluent countries which are self-reliant. Our goal is to make India affluent; our goal is to make India truly self-reliant".

So, self-reliance does not stem from poverty, self-reliance stems from strength. Today if we have the capacity to say that the India Development Bonds are being redeemed, 2.2 billion dollars would have to be paid out. I stood up in this House and said about six months ago that we have the capacity to repay every single dollar of the 2.2 billion dollars. What happend? As a result of that statement, as a result of our rising foreign exchange reserves, out of 2.2 billion dollars, only 900 billion dollars actually was repaid and 1.2 billion dollars was reinvested in this country. So, people who paid for these bonds five years ago have reinvested in this country today. So, 2.2 billion dollars did not go out of this country. We have this capacity today to stand up and say that I can import wheat; I can import edible oils; I can import anything that I require. I can pay for my Defence; I can buy SUKHOY aeroplanes; I can buy a particular equipment which our Defence requires; I can spend so much money on space research. How do I say that? I say that only when I become strong, my reserves are strong, when my economy is strong. A seven per cent growth rate and aiming at an eight per cent growth rate and sustaining that growth rate over a period of three to four years would make us more self-reliant and not less self-reliant. Self-sufficiency is different from self-reliance. The people have given up the concept of self-sufficiency everywhere in the world. There is no reason for us to cling to this old shibboleth of self-sufficiency and import substitution when the rest of the world has given it up. We must become self-reliant and self-reliant means the capacity to be able to deal with the world on its terms. I believe, this

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Government, in the year that we have managed and in the years ahead, would make this country more self-reliant and not less self-reliant.

Sir, finally, there were some issues on amnesty. It has been attacked as ethical and unethical and a variety of criticisms have been levelled against the amnesty scheme, particularly, by my good friend Shri Nirmal Kanti Chatterjee...

SHRI NIRMAL KANTI CHATTERJEE : You have already answered that.

SHRI P. CHIDAMBARAM : He said that I was creating a situation for generation of more and more blackmoney. I am afraid, I do not agree with that approach at all.

I am afraid, I do not agree with that approach at all. I want to explain to you what this Amnesty Scheme is. There are two very important statements on amnesty by two very important political forces of this country. The first is, the speech made by Shri Jyoti Basu in the National Development Council. I have great respect for Shri Jyoti Basu. I want to quote exactly what he said.

SHRI NITISH KUMAR : Why do you want to expose him?

SHRI P. CHIDAMBARAM : No, I am not. I have great respect for Shri Jyoti Basu. What did Shri Jyoti Basu say? Let us understand what he said. In Paragraph 5.51 he described the growth of blackmoney and said :

> "If, therefore, even a part of this blackmoney can be unearthed then not only our dependence on external loan will fall but domestic resources will also be mobilised for important infrastructure development or for basic needs".

The words which I have copied into my Budget speech are, "Part of the blackmoney to be unearthed". And, what is the method? In Paragraph 5.2, Shri Jyoti Basu said,

> "for unearthing blackmoney it may be possible to innovate a scheme of bonds with reasonable rate of return which can be floated by IDBI or similar institutions with Government guarantee and security against any inquiry into source of income. The States can also get the share of resource mobilisation"

Shri Jyoti Basu's scheme was, take the entire blackmoney in bonds and issue a bond for the face value. If I came with Rs. 1 lakh, I get a bond worth Rs. 1 lakh at a particular rate of interst. Interest, of course, will be charged. But the point to be noted is, there is no tax. In Shri Jyoti Basu's scheme there is no tax at all. If Rs. 1 lakh is given, a bond worth Rs. 1 lakh is given. There is no tax at all.

Now, there is another important political force in this country which also spoke about the blackmoney and that, of course, are our distinguished friends sitting in the BJP. What did they say about the blackmoney? The BJP manifesto says, "We believe that taxation alone cannot be the base for revenue. So, non-tax revenues are important". They go on to talk about domestic savings. After that they come to a sub-chapter on blackmoney and corruption and this is what they say :

> "Starting from Jan Sangh days, the BJP has been raging a relentless battle against the twin evils of corruption and blackmoney. We are committed to rooting out corruption as also the malignancy of blackmoney."

This is the key sentence.

> "We will encourage capital creation through funds from such a parallel economy retaining the right of Government to tax the revenue flows from such created capital".

Same is what Shri Jyoti Basu had said, that is the capital will not be taxed. Create the capital, but retain the right of tax on any revenue out of that capital. So, in your scheme also blackmoney will be taxed at zero per cent and in Shri Jyoti Basu's scheme also blackmoney will be taxed at zero per cent. In your scheme the revenues will be taxed and in Shri Jyoti Basu's scheme the interest on the bonds will be taxed.

SHRI NITISH KUMAR : There seems to be an alliance of mind.

SHRI P. CHIDAMBARAM : What have I done? I have taxed blackmoney at 30 per cent and you are criticising me for taxing blackmoney at 30 per cent. I am sorry, this is not fair. This is not good politics. This is not good economics. I am taxing blackmoney at 30 per cent. You can ask me why do I tax at 30 per cent? Why do I not tax at 40 per cent? My answer is evident. It is our experience that if you have a marginal rate of taxation for blackmoney higher than the marginal rate of taxation for whitemoney nobody surrenders. We have gone into great length. The cost of managing blackmoney today is estimated to be between 15 per cent and 25 per cent. When I make the marginal rate of taxation at 30 per cent, I am now giving an opportunity to everyone to come clean. You come clean with 30 per cent and then no question should be asked. Please remember, I have only announced the terminal date of

the scheme. I have not yet announced the starting date of the scheme. I have not even announced the scheme. I have only announced my intention to announce the scheme. I will announce the scheme but the scheme will end on 31st of December. In the meanwhile, Chapter 14(b) of the Income Tax Act, which this House passed day before yesterday and the Rajya Sabha passed yesterday, will receive the assent of the President. Therefore, let me make an appeal. I believe that there is a point of taxation at which an honest man will become dishonest. I have got this whole list of taxation details. In the year 1971-72, Members will be happy to know or unhappy to know, the marginal rate of taxation was 85 per cent, plus a 10 per cent or 15 per cent surcharge. With the 15 per cent surcharge, the marginal rate of taxation became 97.5 per cent. With wealth tax, it became 102 per cent. Who will have the incentive to pay any money? Why would there not be incentive to take money under the table? We have progressively brought it down. Successive Governments have brought it down. I believe, there is a point at which an honest man will not become dishonest. I also believe, there is a point at which the dishonest man can be motivated. I am not saying I can convince everybody but they can be motivated to become honest. And, I believe that point, I think that point, is 30 per cent. Give me a chance. Let me try. I have not taken any credit for revenues. Dr. Manmohan Singh tried a scheme. Earlier, Shri Venkataraman tried a scheme. Earlier, way back in the 50s or 60s, Shri Mahavir Tyagi tried a scheme. Let me try a scheme. I am not taking any credit for revenues. Whatever revenues come, 77.5 per cent is going to go to the States. Whatever I get, I am going to put it in basic minimum service for infrastructure. If I get nothing, I will come before you and say, "I have got nothing. Now I have no option but to use Chapter 14D more effectively." But let us give the scheme a fair chance. I am confident, a number of people will say, "All right, at 30 per cent it is not worth the while to do blackmoney. Let us be free from fear of this low Income Tax Officer. Let us walk like proud citizens of this country. Let us pay our tax and let us clear it up." It is quite possible to happen. Let me try. Give me a chance. Let me try.

Finally, I want to say that there are gaps in this Budget. I am not denying that. We have done so much on infrastructure; we have done on the new exploration policy - my colleague Shri Baalu made a detailed statement yesterday; we have done on power. I only want to read this. This is not a mutual admiration society, I did not ask for this letter but my dear friend Shri Venugopala Chari, very helpfully, wrote me a letter on the power sector where he has captured the essence of what we have done on the power sector. He notes that "Import duty on coal has been reduced from 20 per cent to 10 per cent. This will help our thermal projects. Excise Duty on fluorescent bulbs has been reduced from 15 per cent to 13 per cent providing for energy-saving devices. Power has been included in Clauses 23F and 23G of Section 10 of the Income Tax Act." Then he goes on to list a number of things.

This is not enough. In the previous Plan which comes to an end on 31st March, the Government wanted to add 30,000 megawatts of power. The Approach Paper had a higher figure but final Plan said '30,000' megawatts.'. We achieved only about 14,000 megawatts. I am a little unhappy that we are not taking the situation seriously and that generation and transmission is not being taken seriously. If there is one area where we should keep aside all ideological considerations and allow pragmatism to prevail, it is power. If power does not take off, nothing will take off - agriculture will not take off, industry will not take off, services will not take off, nothing will take off.

SHRI NIRMAL KANTI CHATTERJEE : That is what Lenin had said.

SHRI P. CHIDAMBARAM : Yes, Lenin said, "The two Es, education and electricity, are the two eyes."

Unfortunately, we did not pay enough attention to education, we did not pay enough attention to electricity and we raise all kinds of ideological barriers to what we need to do in power. Take for example transmission. How can we find the money for transmission unless we invite the private sector? Cogentrix plant has been approved. PPA is to be signed. But where is the evacuation capacity? I am not getting into the details. We will have another debate on that. But I want to say, with the Prime Minister present here, that this Budget has a gap. There are some gaps. There are some gaps on power, there are some gaps in infrastructure. I am not denying that. But I am not done. I still have time. I will, with the blessings and support of the Prime Minister and in consultation with my colleague the Power Minister, come forward to the extent possible with a good programme on power generation, particularly, on public investment in power. The India Infrastructure Report categorically states that in some areas public investment must lead the way, in some areas private investment must lead the way. Our experience of the last five years in the power sector has been, we allowed private investment to lead the way. We did not succeed too much. Public investment must lead the way. If the Prime Minister, as I am sure he will, continues to give me his blessings and support, we will find a way in which a substantial public investment in power will be made during the next year and I will come before this House

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with a cogent, coherent programme of investment in power.

19.35 hrs.

[COL. RAO RAM SINGH *in the Chair*]

There are one or two concerns. One concern is about the public sector. My colleague, the Minister of Industries is here. He will made a detailed statement on the public sector. We have promised it in the Budget. I do not know when he is going to make the Statement. But sometime in this Session, I have no doubt, he will make a statement.

AN HON. MEMBER : White paper!

SHRI P. CHIDAMBARAM : He will make a statement. White or what statement he would make. He will make a statement...*(Interruptions)*

All I want to say is the revivable public sector units will be revived. Last year, we have revived seven units. I have listd it in my Budget Speech. Why do we not take credit for that? The United-Front sometimes does not take credit for what it does. Seven units of public sector were revived last year. You can say, only seven. I can say, seven. It is the way of looking at it ...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Out of how many proposals?

SHRI P. CHIDAMBARAM : How many proposals came to us, how many revivable proposals came to us. I shall say, this tumbler is half full, you can say this tumbler is half empty...*(Interruptions)* If a revivable public sector proposal that has come to us, I have not seen the Cabinet turn down any revivable public sector proposal. If a proposal comes to us, we will do it. Let the workers be assured. We have done a lot for the workers this year. We had increased their contractual savings; we have raised their gratuity to Rs. 2.50 lakh; we have cut income-tax which benefits the workers. Go and ask your union workers, is he happy or not with cutting income-tax?; is he happy or not with raising gratuity?; is he happy or not with contractual savings?...*(Interruptions)* Therefore, they are happy. The revivable public sector units will be revived.

I only want to complete by saying that we are committed to federalism. And I think, the most important thing that I have done in this Budget is with the support of all the Chief Ministers. We have agreed that 29 per cent of all revenues will be devolved upon the States. I think that is a major breakthrough. If we can get a Constitutional amendment through this year that will be a feather in our cap, a feather in the cap of this Parliament. And I am confident with the support of everybody, we will be able to push back the Constitutional amendment through.

Number of other issues were raised. The issue about MRP which Shri George Fernandes raised; naming programmes after Indiraji, Nehruji and all. I do not think we should answer all that. The programmes have been named from time to time. The only programme that we have named is Kasturba *Shiksha* Yojana. Is anybody opposing the *Shiksha* Yojana for ladies being named after Kasturba Gandhi? I do not see why it is. She is not a politician in that sense. She is clearly one of the most venerated women of India. We have named it in order to make it alleviate, to inspire young girls to join the programme in areas of rural literacy. I think, we have rightly named it after Kasturba Gandhi.

And Ganga *Kalyan* Yojana. What is wrong with Ganga *Kalyan* Yojana, tell me? Ganga is not after any political leader. Ganga has blessed this land; fertilized this land; and has blessed this people over the centuries. What is wrong in naming a water project after Ganga Kalyan. I think what we have done is perfectly correct.

In other matters, I will respond individually to Members. But, I have great belief, great faith that this country will grow...*(Interruptions)*

AN HON. MEMBER : On handloom, khadi ...*(Interruptions)*

SHRI P. CHIDAMBARAM : I beg your pardon...*(Interruptions)* Those will come into when I deal with the Finance Bill...*(Interruptions)* I will deal with it later, not today. I have already taken an hour ...*(Interruptions)*

SHRI A.C. JOS : What about employment generation ...*(Interruptions)*

SHRI P. CHIDAMBARAM : There are other opportunities where I will respond.

I want to end with this move...*(Interruptions)* No, please don't raise it. It is not the right time.

I firmly believe that this country can grow. This country can prosper. What is holding back this country is, of course, infrastructure constraint, which is constraining one or two per cent growth. Otherwise, we should aim at nine per cent. We will Invest in infrastructure. What is also holding back this country is lack of faith in ourselves. We must look upon ourselves the way the Indonesians look upon themselves, the Chinese look upon themelves. They will look upon themselves with great degree of confidence. Where in the world do you have human resources of this quality? Where in the world that you have a land and water and

sun shine blessed country? We can grow. Countries which are smaller than India, which were poorer than India have outdistanced India. Twenty years ago, Shri George Fernandes was a Minister and I, as one who had just started my practice in law admired his scarlet pimpernel act. But that was a generation which believed in an ideology and I do not blame them. We were geared in that ideology.

Times have changed today. Today the only reason that matters is pragmatism. The only hard truth is development. We must become pragmatic, development-oriented and we must do all that is possible to attain high growth. High growth will lead us to prosperity in the long run. I am confident about my country. I am confident that within my lifetime, within the lifetime of most people here, we will abolish poverty, the abject poverty, as we have known it for 5,000 years. We may not become a rich country like Switzerland or Japan or we may not have that kind of income but the abject poverty, the kind of poverty that sends the children to dustbins, the kind of poverty which sends our women before dawn and after dusk to answer calls of nature, that kind of poverty will be abolished if we grow at eight per cent or nine per cent. I am confident that this Budget has laid a foundation for that kind of growth and I ask you to support it.

MR. CHAIRMAN : I shall now put the Demands for Grants on Account (General) for 1997-98 to vote.

The question is :

> "That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of the Order Paper be granted to the President out of the Consolidated Fund of India, *on account*, for or towards defraying the charges during the year ending on the 31st day of March, 1998 in respect of the heads of Demands entered in the second column thereof against Demand Nos. 1 to 26, 28, 29, 31 to 60, 62 to 92, 94, 95 and 97 to 102."

The motion was adopted.

Demands for Grants on Account (General) for 1997-98 submitted to the vote of the Lok Sabha

No. of Demands	Name of Demand	Amount of Demand for Grant on Account submitted to the vote of the House	
1	2	3	
		Revenue Rs.	Capital Rs.
Ministry of Agriculture			
1.	Agriculture	490,80,00,000	3,26,00,000
2.	Other Services of Dept. of Agriculture and Cooperation	46,95,00,000	39,18,00,000
3.	Department of Agricultural Research and Education	99,88,00,000	—
4.	Department of Animal Husbandry and Dairying	43,06,00,000	31,00,000
Ministry of Chemicals and Fertilizers			
5.	Department of Chemicals and Petrochemicals	38,32,00,000	6,76,00,000
6.	Department of Fertilizers	1848,82,00,000	107,64,00,000
Ministry of Civil Aviation and Tourism			
7.	Department of Civil Aviation	43,08,00,000	6,86,00,000
8.	Department of Tourism	17,96,00,000	3,31,00,000
Ministry of Civil Supplies, Consumer Affairs and Public Distribution			
9.	Ministry of Civil Supplies, Consumer Affairs and Public Distribution	— 13,05,00,000	— 8,00,000

1	2	3	
Ministry of Coal			
10.	Ministry of Coal	28,46,00,000	54,14,00,000
Ministry of Commerce			
11.	Department of Commerce	133,71,00,000	17,83,00,000
12.	Department of Supply	6,28,00,000	—
Ministry of Communications			
13.	Department of Posts	523,11,00,000	12,39,00,000
14.	Department of Telecommunication	2504,82,00,000	1831,50,00,000
Ministry of Defence			
15.	Ministry of Defence	397,09,00,000	4,13,00,000
16.	Defence Pensions	619,10,00,000	—
17.	Defence Services-Army	3250,69,00,000	—
18.	Defence Services-Navy	483,09,00,000	—
19.	Defence Services-Air Force	829,72,00,000	—
20.	Defence Ordinance Factories	620,37,00,000	—
21.	Capital Outlay on Defence Services	—	1673,44,00,000
Ministry of Environment and Forests			
22.	Ministry of Environment and Forests	92,13,00,000	1,21,00,000
Ministry of External Affairs			
23.	Ministry of External Affairs	234,23,00,000	30,00,00,000
Ministry of Finance			
24.	Department of Economic Affairs	696,25,00,000	20,89,00,000
25.	Currency, Coinage and Stamps	130,21,00,000	94,22,00,000
26.	Payments to Financial Institutions	93,41,00,000	694,43,00,000
28.	Transfers to State and Union Territory Governments	1830,51,00,000	170,83,00,000
29.	Loans to Government Servants, etc.	—	49,78,00,000
31.	Department of Expenditure	786,38,00,000	—
32.	Pensions.	257,79,00,000	—
33.	Audit	85,12,00,000	58,00,000
34.	Department of Revenue	31,01,00,000	21,00,000
35.	Direct Taxes	84,50,00,000	21,00,00,000
36.	Indirect Taxes	132,68,00,000	44,20,00,000
37.	Department of Company Affairs	3,00,00,000	1,00,000
Ministry of Food			
38.	Ministry of Food	1288,93,00,000	18,71,00,000
Ministry of Food Processing Industries			
39.	Ministry of Food Processing Industries	8,12,00,000	2,95,00,000

1	2	3	
Ministry of Health and Family Welfare			
40.	Department of Health	239,43,00,000	84,07,00,000
41.	Department of Indian Systems of Medicine and Homoeopathy	9,47,00,000	1,00,000
42.	Department of Family Welfare	368,00,00,000	27,00,000
Ministry of Home Affairs			
43.	Ministry of Home Affairs	51,96,00,000	3,68,00,000
44.	Cabinet	16,26,00,000	5,00,00,000
45.	Police	668,37,00,000	77,68,00,000
46.	Other Expenditure of the Ministry of Home Affairs	58,46,00,000	30,68,00,000
47.	Transfers to Union Territory Governments	41,80,00,000	43,14,00,000
Ministry of Human Resource Development			
48.	Department of Education	871,80,00,000	14,00,000
49.	Department of Youth Affairs and Sports	26,25,00,000	31,00,000
50.	Department of Culture	36,70,00,000	—
51.	Department of Women and Child Development	158,02,00,000	—
Ministry of Industry			
52.	Deptt. of Ind. Dev. and Ind. Policy and Promotion	114,73,00,000	6,00,000
53.	Department of Public Enterprises	85,00,000	—
54.	Department of Heavy Industry	3,73,00,000	36,52,00,000
55.	Department of Small Scale Ind. and Agro and Rural Industries	118,46,00,000	48,46,00,000
Ministry of Information and Broadcasting			
56.	Information, Films and Publicity	27,17,00,000	2,99,00,000
57.	Broadcasting Services	266,31,00,000	72,37,00,000
Ministry of Labour			
58.	Ministry of Labour	123,91,00,000	20,00,000
Ministry of Law and Justice			
59.	Law and Justice	61,37,00,000	—
60.	Election Commission	97,00,000	—
Ministry of Mines			
62.	Ministry of Mines	40,16,00,000	6,83,00,000
Ministry of Non-Conventional Energy Sources			
63.	Ministry of Non-Conventional Energy Sources	37,86,00,000	19,12,00,000
Ministry of Parliamentary Affairs			
64.	Ministry of Parliamentary Affairs	57,00,000	—
Ministry of Personnel, Public Grievances and Pensions			
65.	Ministry of Personnel, Public Grievances and Pensions	20,95,00,000	43,00,000

1	2	3	
Ministry of Petroleum and Natural Gas			
66.	Ministry of Petroleum and Natural Gas	64,00,000	—
Ministry of Planning and Programme Implementation			
67.	Planning	17,14,00,000	7,67,00,000
68.	Department of Statistics	24,90,00,000	86,00,000
69.	Department of Programme Implementation	131,95,00,000	—
Ministry of Power			
70.	Ministry of Power	88,30,00,000	452,59,00,000
Ministry of Rural Areas and Employment			
71.	Department of Rural Development	744,36,00,000	—
72.	Department of Rural Employment and Poverty Alleviation	2101,18,00,000	—
73.	Department of Wastelands Development	15,87,00,000	—
Ministry of Science and Technology			
74.	Department of Science and Technology	85,47,00,000	8,17,00,000
75.	Department of Scientific and Industrial Research	76,33,00,000	92,00,000
76.	Department of Bio-technology	17,26,00,000	88,00,000
Ministry of Steel			
77.	Ministry of Steel	1,18,00,000	4,28,00,000
Ministry of Surface Transport			
78.	Surface Transport	12,34,00,000	3,61,00,000
79.	Roads	142,20,00,000	350,98,00,000
80.	Ports, Lighthouses and Shipping	38,87,00,000	71,92,00,000
Ministry of Textiles			
81.	Ministry of Textiles	73,38,00,000	50,96,00,000
Ministry of Urban Affairs and Employment			
82.	Urban Development	58,74,00,000	66,43,00,000
83.	Urban Employment and Poverty Alleviation	36,57,00,000	6,67,00,000
84.	Public Works	77,42,00,000	35,66,00,000
85.	Stationery and Printing	23,90,00,000	75,00,000
Ministry of Water Resources			
86.	Ministry of Water Resources	74,84,00,000	5,68,00,000
Ministry of Welfare			
87.	Ministry of Welfare	249,04,00,000	48,90,00,000
Department of Atomic Energy			
88.	Atomic Energy	127,86,00,000	108,40,00,000
89.	Nuclear Power Schemes	128,65,00,000	58,53,00,000

1	2	3	
Department of Electronics			
90.	Department of Electronics	17,49,00,000	5,24,00,000
Department of Ocean Development			
91.	Department of Ocean Development	15,34,00,000	79,00,000
Department of Space			
92.	Department of Space	171,04,00,000	24,09,00,000
The President, Parliament, Union Public Service Commission and the Secretariat of the Vice-President.			
94.	Rajya Sabha	3,82,00,000	—
95.	Lok Sabha	8,87,00,000	—
97.	Secretariat of the Vice-President	8,00,000	—
Union Territories without Legislature			
98.	Andamand and Nicobar Islands	61,72,00,000	31,18,00,000
99.	Chandigarh	64,37,00,000	10,71,00,000
100.	Dadra and Nagar Haveli	19,01,00,000	3,92,00,000
101.	Daman and Diu	14,30,00,000	2,74,00,000
102.	Lakshadweep	21,23,00,000	2,85,00,000
	Total Revenue/Capital	*25901,85,00,000*	*6707,19,00,000*

MR. CHAIRMAN : I shall now put the Supplementary Demands for Grants (General) for 1996-97 to vote.

The question is:

> "That the respective supplementary sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of the Order Paper be granted to the President out of the Consolidated Fund of India to defray the charges that will come in course of payment during the year ending 31st day of March, 1997 in respect of the following demands entered in the second column thereof — Demand Nos. 3 to 9, 12 to 20, 22 to 24, 26, 28, 32 to 37, 39 to 50, 52 to 58, 62, 65 to 68, 70 to 72, 75, 77 to 83, 85, 87, 88, 91, 93, 96 to 101."

The motion was adopted.

Supplementary Demands for Grants (General) for 1996-97 submitted to the Vote of the Lok Sabha

No. of Demands	Name of Demand	Amount of Demand for Grant submitted to the vote of the House	
1	2	3	
		Revenue Rs.	Capital Rs.
Ministry of Agriculture			
3.	Department of Agricultural Research and Education	32,42,00,000	—
4.	Department of Animal Husbandry and Dairying	7,39,00,000	—

1	2	3	
Ministry of Chemicals and Fertilizers			
5.	Department of Chemicals and Petrochemicals	—	9,90,00,000
6.	Department of Fertilizers	2,00,000	—
Ministry of Civil Aviation and Tourism			
7.	Department of Civil Aviation	—	1,00,000
8.	Department of Tourism	—	3,00,00,000
Ministry of Civil Supplies, Consumer Affairs and Public Distribution			
9.	Ministry of Civil Supplies, Consumer Affairs and Public Distribution	31,30,00,000	—
Ministry of Commerce			
12.	Department of Supply	3,85,00,000	—
Ministry of Communications			
13.	Department of Posts	409,98,00,000	—
14.	Department of Telecommunication	2,00,000	474,00,00,000
Ministry of Defence			
15.	Ministry of Defence	81,78,00,000	—
16.	Defence Pensions	383,00,00,000	—
17.	Defence Services-Army	367,10,00,000	—
18.	Defence Services-Navy	136,46,00,000	—
19.	Defence Services-Air Force	312,35,00,000	—
20.	Defence Ordinance Factories	52,69,00,000	—
Ministry of Environment and Forests			
22.	Ministry of Environment and Forests	1,00,000	—
Ministry of External Affairs			
23.	Ministry of External Affairs	83,82,00,000	—
Ministry of Finance			
24.	Department of Economic Affairs	—	1,00,000
26.	Payments to Financial Institutions	18,94,00,000	669,27,00,000
28.	Transfers to State and Union Territory Governments	148,55,00,000	—
32.	Pensions.	205,37,00,000	—
33.	Audit	48,87,00,000	1,50,00,000
34.	Department of Revenue	11,36,00,000	—
35.	Direct Taxes	24,50,00,000	—
36.	Indirect Taxes	44,82,00,000	1,00,000
Ministry of Food			
37.	Ministry of Food	175,69,00,000	—

1	2	3	
Ministry of Health and Family Welfare			
39.	Department of Health	31,00,00,000	2,00,000
40.	Department of Indian Systems of Medicine and Homoeopathy	1,00,000	—
41.	Department of Family Welfare	71,10,00,000	—
Ministry of Home Affairs			
42.	Ministry of Home Affairs	18,88,00,000	—
43.	Cabinet	2,19,00,000	—
44.	Police	260,93,00,000	1,00,000
45.	Other Expenditure of the Ministry of Home Affairs	68,12,00,000	35,79,00,000
46.	Transfers to Union Territory Governments	113,19,00,000	15,36,00,000
Ministry of Human Resource Development			
47.	Department of Education	5,00,000	—
48.	Department of Youth Affairs and Sports	6,50,00,000	—
49.	Department of Culture	3,02,00,000	—
50.	Department of Women and Child Development	1,00,000	—
Ministry of Industry			
52.	Department of Public Enterprises	2,26,00,000	—
53.	Department of Heavy Industry	867,68,00,000	101,36,00,000
54.	Department of Small Scale Industries and Agro. & Rural Industries	2,00,000	—
Ministry of Information and Broadcasting			
55.	Information, Films and Publicity	11,30,00,000	—
56.	Broadcasting Services	22,50,00,000	11,73,00,000
Ministry of Labour			
57.	Ministry of Labour	1,00,000	
Ministry of Law, Justice and Company Affairs			
58.	Law and Justice	1,00,000	—
Ministry of Mines			
62.	Ministry of Mines	8,73,00,000	—
Ministry of Personnel, Public Grievances and Pensions			
65.	Ministry of Personnel, Public Grievances and Pensions	9,10,00,000	23,00,000
Ministry of Petroleum and Natural Gas			
66.	Ministry of Petroleum and Natural Gas	17,00,000	174,40,00,000
Ministry of Planning and Programme Implementation			
67.	Planning	1,00,000	—
68.	Department of Statistics	6,19,00,000	—

1	2	3	
Ministry of Power			
70.	Ministry of Power	69,09,00,000	2,00,000
Ministry of Rural Areas and Employment			
71.	Department of Rural Development	1,00,000	—
72.	Department of Wastelands Development	1,00,000	—
75.	Department of Scientific and Industrial Research	30,35,00,000	—
Ministry of Steel			
77.	Ministry of Steel	64,70,00,000	1,00,000
Ministry of Surface Transport			
78.	Surface Transport	2,22,00,000	—
79.	Roads	61,93,00,000	58,56,00,000
80.	Ports, Lighthouses and Shipping	2,70,00,000	2,00,000
Ministry of Textiles			
81.	Ministry of Textiles	2,00,000	97,68,00,000
Ministry of Urban Affairs and Employment			
82.	Urban Development, Urban Employment and Poverty Alleviation	—	4,00,000
83.	Public Works	15,96,00,000	1,00,000
Ministry of Water Resources			
85.	Ministry of Water Resources	1,00,000	5,00,000
Department of Atomic Energy			
87.	Atomic Energy	53,21,00,000	—
88.	Nuclear Power Schemes	130,05,00,000	—
Department of Space			
91.	Department of Space	6,74,00,000	—
The President, Parliament, Union Public Service Commission and the Secretariat of the Vice-President.			
93.	Rajya Sabha	1,44,00,000	—
96.	Secretariat of the Vice-President	8,00,000	—
Ministry of Home Affairs Union Territories (Without Legislature)			
97.	Andamand and Nicobar Islands	26,65,00,000	—
98.	Chandigarh	33,61,00,000	1,00,000
99.	Dadra and Nagar Haveli	—	2,49,00,000
100.	Daman and Diu	4,94,00,000	35,00,000
101.	Lakshadweep	22,00,000	8,00,000
	Grand Total	*4587,21,00,000*	*1655,92,00,000*

MR. CHAIRMAN : I shall now put the Demands for Excess Grants (General) for 1994-95 to vote.

The question is :

"That the respective excess sums not exceeding the amounts shown in the third column of the Order Paper be granted to the President out of the Consolidated Fund of India to make good the excess on the respective grants during the year ended 31st day of March, 1995 in respect of the following demands entered in the second column thereof — Demand Nos. 14, 17, 19, 24, 64, 77, 90 and 98."

The motion was adopted.

Demands for Excess Grants (General) for 1994-95 submitted to the vote of the Lok Sabha.

No. of Demands	Name of Demand	Amount of Demand submitted to the vote of the House
1.	**Expenditure Met From Revenue**	
14.	Postal Services	33,59,03,379
17.	Defence Pensions	9,94,02,120
19.	Defence Services-Navy	6,30,17,484
24.	Ministry of External Affairs	35,50,79,760
64.	Ministry of Petroleum and Natural Gas	1,87,386
77.	Ports, Lighthouses, and Shipping	1,13,87,819
90.	Rajya Sabha	1,25,759
2.	**Expenditure Met From Capital**	
14.	Postal Services	2,07,82,817
98.	Daman and Diu	3,49,410

19.45 hrs.

APPROPRIATION (VOTE ON ACCOUNT) BILL, 1997*

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Sir, I beg to move for leave to introduce a Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the financial year 1997-98.

SHRI RAM NAIK (Mumbai North) : I have given a notice for it.

[Translation]

MR. CHAIRMAN : Sir, I want to raise three issues, under Rule 218(3). I will not take more than five minutes. The issue which I am going to raise is related to Government's policy. Due to this. I want to raise these issues.

[English]

MR. CHAIRMAN : Shri Ram Naik, let the Bill be introduced first. Then you will get the opportunity.

SHRI RAM NAIK : He has introduced the Bill.

MR. CHAIRMAN : No, Just give me a minute.

The question is :

"That leave be granted to introduce a Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the financial year 1997-98".

The motion was adopted.

SHRI P. CHIDAMBARAM : I introduce** the Bill.

SHRI P. CHIDAMBARAM : I beg to move :

"that the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the financial year 1997-98, be taken into consideration."

MR. CHAIRMAN : Motion moved :

"that the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the financial year 1997-98, be taken into consideration."

* Published in the Gazette of India, Extraordinary. Part-II, Section-2, dated 20.3.97.

** Introduced with the recemmendetion of the President.